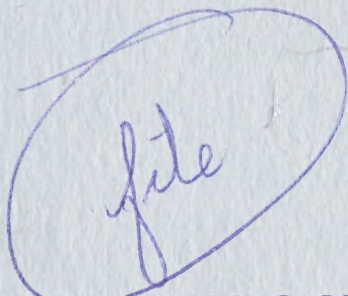


STANDARD PAVING & MATERIALS, LIMITED

A handwritten signature, possibly "file", is enclosed within a large, hand-drawn oval. The signature is written in a cursive, slanted style.

**SPECIAL GENERAL MEETING OF
SHAREHOLDERS**

**ADDRESS BY MR. HUGH F. GRIGHTMIRE,
President of the Company**

November 22, 1972

SPECIAL GENERAL MEETING OF SHAREHOLDERS

November 22, 1972

The meeting was attended by 16 shareholders. 995,306 (old) shares — 97% of issued shares — were represented in person or by proxy. Mr. Hugh F. Grightmire, president of the company, was chairman of the meeting.

The shareholders confirmed a special resolution passed by the Board of Directors October 24, 1972 to a) sub-divide each existing share into three new shares, and b) increase authorized capital by 579,280 new shares to a total of 4,000,000 new shares.

There were 995,151 votes in favour of the resolution and 155 against. The resolution was declared passed by the necessary two-thirds majority.

At the conclusion of the formal meeting, Mr. Grightmire spoke to the shareholders and guest financial analysts about the company's current operations and its plans for future development. A copy of his address follows.

**ADDRESS BY MR. HUGH F. GRIGHTMIRE,
President of the Company,
Following the Special General Meeting
of Shareholders,
November 22, 1972**

The company's operations

This company is 43 years old, it has paid dividends for the last 24 years, and it has not had a loss year since 1937. It is a very strong company. We are at present operating 27 ready-mixed concrete plants, 12 asphalt plants, 7 aggregates plants with capacities of 400 tons to 1,000 tons per hour, 2 plants for the manufacture of concrete pipe, 1 plant for the manufacture of precast concrete man-holes and 2 plants for the manufacture of concrete block. We act as paving and road-building contractors in Ontario and Nova Scotia. We operate a trucking company for bulk asphalt haulage, a boat, the S.S. "Charles Dick", for recovery of underwater sand in Lake Erie, and a builders' supply business.

Recent acquisitions

We have made several important acquisitions in the past year, including the ready-mixed concrete and concrete block business of Belton Lumber Co. Ltd. at Sarnia, the ready-mixed concrete and builders' supply business of Colautti-Cross Ltd. in Windsor, the shares of Oaks Precast Industries Limited and its subsidiary transport company in Guelph, and many gravel bearing properties to augment our aggregates reserves.

The current year's expansion programme

In addition to these acquisitions, we are expanding in 13 different areas this year. These consist of new ready-mixed concrete

plants at London and Georgetown, a larger ready-mixed concrete plant at Windsor to replace a small portable plant, a new asphalt plant in Hamilton, a larger asphalt plant in Kentville, Nova Scotia, additional manufacturing equipment at both concrete pipe plants, new sand and gravel plants at Guelph and Mono Mills, additional kilns at the precast manhole plant, an upgrading and expansion of our ready-mix truck fleet, a new ready-mixed concrete plant in Mississauga, and a major new production facility for Oaks Precast Industries Limited in northeastern Toronto.

People are more important than plants, and we have brought in six new senior men from outside and promoted eight of our own people to more senior positions in the expanded organization. This will provide the necessary depth in our management structure.

Prospects for growth

I have attempted to summarize our achievements in expansion in the past year, and will now comment on our prospects for the future.

Our industry and this company have often been referred to as cyclical. I do not share this opinion. Our annual sales in the years 1967 through 1971 were in the range of \$37,000,000 to \$43,000,000. Last year we moved up to \$45,000,000. This year we expect to pass the \$50,000,000 mark. Our business is so widespread both in products and in geographical location that it is not cyclical in the true sense of the word. We are fortunate in having no tariff problems, no import problems, and not very much technological change or obsolescence. In my opinion, we are in a very important basic industry that really is not cyclical.

Growth prospects in our present lines of business vary from steady to dynamic. The prospects for concrete pipe and precast manholes are for a very high level of growth, because of environmental changes, ecology and the continually increasing need for drainage and sewer installations. Ready-mixed concrete can look forward to steady growth in line with population increases. Our contracting operations resulted in losses in 1967/68 in that division but have since been stabilized and will now be profitably sustained at a level of about 20% of our total sales. Our main concrete block plant is probably facing expropriation and we have plans for doubling capacity in a new location. Our aggregates operation has probably the most exciting prospects of all for rapid growth, and I will comment more on that later.

New market areas and new products

In addition to growth in our present products and areas, we are also looking for growth to expand into other geographic areas and new products. There is no reason why we cannot work elsewhere in Canada or overseas, and we are already in contact with the federal government regarding situations overseas, provided that we can get adequate protection for our investment. In new products we are looking at such things as brick and plastics, but our problem lies in finding something to fit in with our wishes. We are continually looking at businesses which might interest us, but these businesses must have satisfactory current earnings.

Our aggregates reserves and the Toronto market

I have said that our aggregates division has probably the best possibilities for growth of all our operations. The Metropolitan Toronto

area is at present consuming 27 million tons of aggregates a year, and this figure will be up to 50 million tons a year by 1980. We are buying new properties to maintain our reserves of aggregates, and we have a property manager and geologist working together as a team in this effort. We have not previously revealed the extent of these reserves but I am now able to say that we have in the ground approximately 80 million tons of proved reserves, which at a very modest estimate will be worth \$12,000,000 of future profits. These reserves are immediately useable. They do not include unproved reserves and reserves which are at present too far from the market to be profitably recovered.

Recent provincial legislation and the attitudes of municipal authorities have together imposed very severe restrictions on the opening of gravel pits and quarries. It is now very difficult for new operators to start up and those already operating must fight harder to keep their existing pits going. However, somebody has to supply the Toronto market with aggregates. Logically the material should come from the closest sources but, if these are closed off, it will have to be brought in from more distant locations at much higher cost. The consumer will be the one who will have to foot the higher bill. Whatever the result our company is organized so as to operate successfully and profitably within whatever rules are laid down by government.

Future earnings prospects

I have already announced that we expect our earnings from operations per (new) share to exceed 67¢ this year compared with 45¢ per (new) share last year, not counting in either year substantial profits on disposal of properties. I am sometimes asked whether we can maintain this pace of increase. My answer is

that the continuance of our normal operations can maintain the level of earnings we expect to reach this year. I do not think that we can maintain the rate of increase that has occurred in the last two years. I am, however, looking for better than 10% in normal earnings growth as we concentrate on getting a deeper sales penetration of our markets and in looking for new product lines. This year we expect to make more than 4% net on our sales dollar, and this is a rate that is obtainable in our type of business. We might hope to do better in the future.

Dividend policy

The company's dividend policy for some years has been one of paying 50% of operating earnings in dividends. We have moved our annual dividend rate per new share in the last eight months from $16\frac{2}{3}\%$ first to 20% and then to 24% per share. Dividend policy is of course a matter for the board of directors, and I cannot commit them, but I would hope that, depending on our requirements for cash, a 50% dividend policy could be continued.

Conclusion

To summarize my remarks, I think that our corporation is in a very strong position with an underlying value far greater than is revealed in the formal balance sheet. We are in a very great basic industry that is not cyclical, and we have a very bright future.

November 22, 1972

LISTING AND DISTRIBUTION OF NEW SHARES

The additional shares have been listed with the Toronto Stock Exchange and have been trading since November 29. Share certificates are being mailed on or about December 7, 1972 to shareholders of record December 1.

DIVIDEND, FEBRUARY 6, 1973 6¢ PER (NEW) SHARE

The directors on November 29 declared a quarterly dividend of 6¢ per (new) share payable February 6, 1973 to shareholders of record January 23, 1973.